

7-1-2011

Fiscal News, July 2011

Maine State Legislature

Office of Fiscal and Program Review

Grant T. Pennoyer

Maine State Legislature, grant.pennoyer@legislature.maine.gov

Follow this and additional works at: http://statedocs.maine.gov/ofpr_docs

Recommended Citation

Maine State Legislature; Office of Fiscal and Program Review; and Pennoyer, Grant T., "Fiscal News, July 2011" (2011). *Office of Fiscal and Program Review*. Paper 32.

http://statedocs.maine.gov/ofpr_docs/32

This Document is brought to you for free and open access by the Legislature Documents at Maine State Documents. It has been accepted for inclusion in Office of Fiscal and Program Review by an authorized administrator of Maine State Documents. For more information, please contact statedocs@maine.gov.



FISCAL NEWS

MONTHLY NEWSLETTER OF THE OFFICE OF FISCAL AND PROGRAM REVIEW

JULY 2011

Volume 5 Number 7

Month In Review	1
General Fund Revenue Update	1
Highway Fund Revenue Update.....	2
Cash Update.....	3
FY 2011 Year-end Cascade.....	3
General Fund Reserve Balances.....	5
MainePERS Investment Update.....	6
MainePERS Unfunded Actuarial Liability	6
MaineCare Update	8
Attachments:	
• June 2011 General Fund Revenue Variance Report	11
• June 2011 Highway Fund Revenue Variance Report	13

Questions or Comments regarding specific sections contact:

Grant T. Pennoyer, Director
Office of Fiscal and
Program Review
5 State House Station
Augusta, Maine 04333-0005
Telephone: (207) 287-1635

grant.pennoyer@legislature.maine.gov

www.maine.gov/legis/ofpr/

The Office of Fiscal and Program Review (OFPR) is a nonpartisan staff office of the Legislative Council providing budget, tax and general fiscal research and analysis for the Maine State Legislature.



Month In Review

General Fund revenue ended FY 2011 with 2 strong monthly performances after the Revenue Forecasting Committee revised revenue upward at the beginning of May. A revenue surplus of nearly \$50 million combined with unbudgeted lapsed balances and other accounting adjustments result in a distribution of nearly \$63 million to various reserves through the year-end Cascade. The Maine Budget Stabilization Fund received \$35.3 million of this year's Cascade as well as some other additional budgeted and unbudgeted transfers. The improvement in reserve balances from the FY 2011 Cascade will provide some cushion in FY 2012 when the General Fund cash position is expected to erode before recovering in FY 2013.

Highway Fund revenue also ended FY 2011 with a very positive performance with June collections exceeding budget by \$3.8 million. This more than erased the negative variance at the end of May and contributed \$3.1 million toward the unallocated surplus in the Highway Fund. When combined with lapsed balances and other accounting adjustments, the total FY 2011 year-end Highway Fund unallocated surplus resulted in a \$6.5 million transfer to the Department of Transportation for highway and bridge improvements.

Maine Public Employees Retirement System's (MainePERS) investment performance ended FY 2011 with a return of more than 22% for the fiscal year. This strong investment performance, along with the additional funds transferred to MainePERS as part of the FY 2011 Year-end Cascade and the reforms implemented as part of the 2012-2013 Biennial Budget significantly improve the funding status of the retirement plan for state employees and teachers.

FY 2011 MaineCare spending from all funding sources remained below FY 2009 and FY 2010 levels. MaineCare caseload, while remaining at historically high levels, showed a significant moderation in growth trends in FY 2011. An analysis of the reasons for the recent moderation of MaineCare growth has been difficult due to the inconsistency in the data over the last 5 years as a result of the two attempts to replace the Medicaid claims processing system during this period.

General Fund Revenue Update

Total General Fund Revenue - FY 2011 (\$'s in Millions)

	Budget	Actual	Var.	% Var.	Prior Year	% Growth
June	\$429.0	\$462.4	\$33.4	7.8%	\$445.2	3.9%
FYTD	\$2,896.1	\$2,945.0	\$48.9	1.7%	\$2,755.7	6.9%

General Fund revenue was over budget by \$33.4 million (7.8%) in June and ended FY 2011 with a positive variance of \$48.9 million (1.7%) reflecting growth of 6.9% over FY 2010.



General Fund Revenue Update (continued)

Individual Income Tax revenue accounted for \$22.6 million of the FY 2011 positive variance and grew by 9.0% over FY 2010. Much of the positive variance was based on the 2010 tax year, which performed much better than projections. Corporate Income Tax, which accounted for \$15.8 million of the FY 2011 positive variance and had growth of 19.2% over FY 2010, was the other significant portion of the FY 2011 positive variance. For tax year 2011, updated national forecasts of corporate profits have improved substantially compared with the current forecast, which suggests a positive outlook for the Corporate Income Tax in FY 2012.

Sales and Use Tax and the Service Provider Tax were modestly ahead of budget for June and ended FY 2011 with a combined positive variance of \$4.4 million. Taxable sales growth was 2.0% for the last 12 month period, just above the 1.9% growth assumed in the forecast. Beginning in FY 2012, the budgeted growth rate for taxable sales increases to above 3.5% in the first half of the fiscal year, which is significantly above recent growth rates. With gas prices remaining at very high levels, it seems unlikely that taxable sales will exceed the higher budgeted growth rate and negative variances in these categories will prevail.

The Estate Tax with very strong performances in May and June ended FY 2011 with a positive variance of \$4.3 million and growth of 58.0% over FY 2010. In FY 2011, most of this variance was tied to several large estate payments, clearly indicating that much of this positive variance was one-time.

In FY 2011, Cigarette and Tobacco Tax revenue ended the fiscal year with a \$1.0 million negative variance, due solely to cigarette tax performance. The underperformance of the Cigarette Tax may be exacerbated in FY 2012 by a recent cigarette tax decrease by New Hampshire.

The other worrisome negative General Fund revenue variance was Inland Fisheries and Wildlife (IFW) revenue, which fell below budget by \$1.4 million in FY 2011. The Revenue Forecasting Committee, frustrated by the lack of sufficient data, directed staff to conduct a thorough review of IFW license sales this coming fall to establish some trends and to evaluate the impact of a recent license fee increase on sales and report back prior to the December 2011 revenue forecast.

Highway Fund Revenue Update

Total Highway Fund Revenue - FY 2011 (\$'s in Millions)

	Budget	Actual	Var.	% Var.	Prior Year	% Growth
June	\$44.2	\$48.0	\$3.8	8.6%	\$46.3	3.7%
FYTD	\$308.3	\$311.4	\$3.1	1.0%	\$311.2	0.1%

Highway Fund revenue posted a \$3.8 million positive monthly variance for June erasing the negative variance at the end of May and closing FY 2011 with a positive revenue variance of \$3.1 million (1.0%). Highway Fund revenue was virtually flat compared to FY 2010 collections.

Within the broader category of Fuel Taxes, Gasoline Tax collections, the cause of the significant negative variance through May, came in ahead of budget in June by \$3.3 million and ended FY 2011 with a positive variance of \$0.7 million. The recovery in Gasoline Tax revenue was expected due to a distortion in the monthly distribution caused

by a roughly \$4 million refund of taxes collected in April on exempt sales. Overall, Fuel Taxes ended FY 2011 ahead of budget by \$1.5 million. Concerns about FY 2012 performance for this category persist because high fuel prices have failed to abate for the prime tourism season.

The Motor Vehicle Registration and Fees category continued to perform well in June coming in ahead of projections by \$0.5 million and ending FY 2011 with a positive variance of \$1.9 million. The majority of this positive variance was generated by Long-term Trailer Registration Fees, which ended the fiscal year \$0.9 million over budget.



Cash Update

The average total cash pool balance for June was \$573.6 million, nearly \$110 million higher than one year ago. General Fund internal cash flow borrowing was \$118.3 million less than a year ago. Although the General Fund concluded FY 2011 with a negative cash balance of \$6.7 million, this was significantly better than the FY 2010 ending negative cash balance of \$133 million. The General Fund revenue surplus certainly contributed to the FY 2011 improvement and will continue to contribute next year with the FY 2011 Year-end Cascade transfers to various reserves more than doubling General Fund reserve balances (see articles on General Fund Reserve Balances Update and FY 2011 Year-end Cascade).

This type of improvement is not likely to continue in FY 2012 because the General Fund budget relies on \$43 million of borrowing from Other Special Revenue Funds to fund FY 2012 appropriations. The increase in reserve balances and the general health of other components of the cash pool, which have generally shown substantial improvement over the previous year, should help the State weather the erosion in the General Fund cash position in FY 2012 and once again avoid external cash flow borrowing.

Summary of Treasurer's Cash Pool		
June Average Daily Balances		
Millions of \$'s		
	2010	2011
General Fund (GF) Total	\$23.9	\$30.0
General Fund (GF) Detail:		
Budget Stabilization Fund	\$0.5	\$28.6
Reserve for Operating Capital	\$0.0	\$11.2
Tax Anticipation Notes	\$0.0	\$0.0
Internal Borrowing	\$200.0	\$81.7
Other General Fund Cash	(\$176.6)	(\$91.4)
Other Spec. Rev. - Interest to GF	\$27.6	\$76.5
Other State Funds - Interest to GF	\$10.8	\$19.3
Highway Fund	\$42.7	\$49.4
Other Spec. Rev. - Retaining Interest	\$50.5	\$44.2
Other State Funds	\$211.1	\$243.1
Independent Agency Funds	\$97.3	\$111.0
Total Cash Pool	\$463.8	\$573.6

FY 2011 Year-end Cascade

Presented on the next page below is a table summarizing the sources of the unappropriated surplus at the close of FY 2011 and the actual transfers for various purposes and to reserve accounts. June's General Fund revenue performance (see separate article) brought the final positive revenue surplus in the General Fund to \$48.9 million. Unbudgeted lapsed balances (unspent General Fund appropriations) contributed an additional \$8.3 million and other accounting adjustments contributed another \$5.8 million bringing the total uncommitted unappropriated surplus for distribution through the Year-end Cascade to \$63.0 million. The budgeted ending General Fund balance of \$19.0 million based on actions through the 125th Legislature's First

Regular Session remains committed to carry forward and balance the 2012-2013 General Fund biennial budget.

The FY 2011 Cascade included 3 new one-time exceptions to the normal statutory transfers. The first and largest was an additional transfer of \$25 million to the Maine Budget Stabilization Fund (MBSF) to help offset net transfers from the MBSF in FY 2012 of \$25.7 million. The other 2 transfers, a \$5 million transfer to the Bureau of Medical Services within the Department of Health and Human Services and a \$2.5 million transfer to the Health Insurance Internal Services Fund, offset the impact of initiatives in the 2nd Emergency FY 2011 Supplemental Budget Bill (PL 2011, chapter 28).

***FY 2011 Year-end Cascade (continued)***

As part of the normal statutory Cascade transfers, the 2 major General Fund reserves (the MBSF and the Reserve for General Fund Operating Capital) received \$16.1 million in addition to the \$25 million from the one-time piece. The FY 2011 Cascade also contributed \$5.9 million to the Retirement Allowance Fund and \$4.4 million to the Retiree Health Internal Service Fund to help address some unfunded liabilities. Funding was also set aside to address the State's capital construction needs.

The Highway Fund does not have multiple priority transfers established in statute as does the General Fund for its year-end surpluses. However, the Highway Fund biennial budget bills typically include a provision to transfer a significant portion

of any uncommitted balance in the unallocated surplus of the Highway Fund to the Department of Transportation for highway and bridge improvement projects. At the close of FY 2011, the Highway Fund revenue variance of \$3.1 million, unexpended lapsed Highway Fund allocations of \$2.9 million and other accounting adjustments of \$0.7 million increased the Highway Fund unallocated surplus by \$6.6 million. Pursuant to PL 2009, chapter 413, Part G, all but \$100,000 of the increase was transferred to the Department of Transportation. The \$100,000 of the increase in the unallocated surplus remained uncommitted and increased the budgeted ending balance carrying forward for use in the 2012-2013 biennium to \$2.6 million.

FY 2011 Year-end Summary - General Fund Surplus

General Fund Revenue Variance	\$48,892,232
Unbudgeted Lapsed Balances	\$8,253,719
Other Adjustments Increasing (Decreasing) Unappropriated Surplus	\$5,848,723
Total Increase in Uncommitted Unappropriated Surplus	<u>\$62,994,674</u>

FY 2011 Closing Transfers/"Cascade"**Fixed Dollar Transfers**

Replenish Contingent Account (5 MRSA §1507)	(\$150,000)
Transfer to Loan Insurance Reserve (5 MRSA §1511)	(\$1,000,000)
Maine Budget Stabilization Fund (PL 2011, c. 28, I-1)	(\$25,000,000)
Health and Human Services, Bureau of Medical Services (PL 2011, c. 28, I-2)	(\$5,000,000)
Health Insurance Internal Services Fund (PL 2011, c. 28, I-3)	(\$2,500,488)

% Transfers - Uncommitted Unappropriated Surplus in excess of \$33,650,488

Maine Budget Stabilization Fund (35%)	(\$10,270,465)
Retirement Allowance Fund (20%)	(\$5,868,837)
Reserve for General Fund Operating Capital (20%)	(\$5,868,837)
Retiree Health Internal Service Fund (15%)	(\$4,401,628)
Capital Construction & Improvements Reserve Fund (10%)	<u>(\$2,934,419)</u>

Total Closing Transfers	<u>(\$62,994,674)</u>
--------------------------------	------------------------------

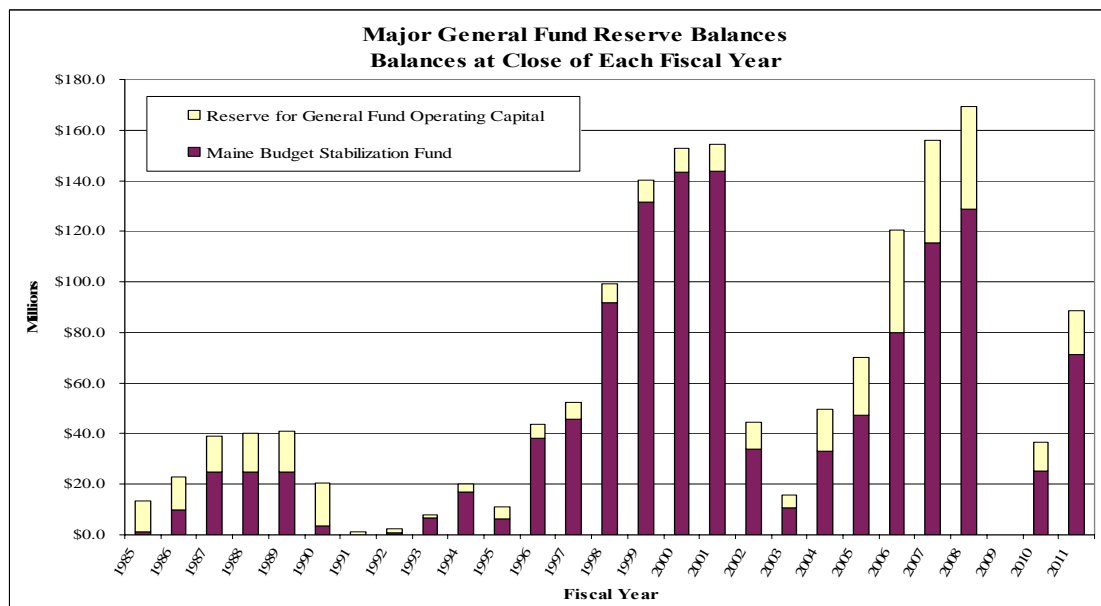
**General Fund Reserve Balances**

The General Fund has 2 major reserves, the Maine Budget Stabilization Fund (formerly the Maine Rainy Day Fund) and the Reserve for General Fund Operating Capital. As depicted in the chart below, these balances build up in periods of economic growth and have been quickly depleted in economic downturns (note the significant reductions in the balances in FY 1991, FY 2002 and FY 2009). While cushioning the volatility of General Fund revenue was certainly the intent behind the Maine Budget Stabilization Fund (MBSF), past legislatures have also depleted balances in the Reserve for General Fund Operating Capital as part of budget balancing solutions. This working capital reserve was not intended for budget stabilization but to maintain sufficient General Fund cash balances throughout the fiscal year and mitigate cash flow borrowing.

The General Fund surpluses of FY 2010 and FY 2011 have certainly helped restore these reserve balances from a FY 2009 ending balance of \$0.2 million to \$88.6 million at the close of FY 2011, more than half of the amount of the FY 2008 peak amount of \$169.5 million. However, the Legislature has budgeted net transfers out of the MBSF of \$25.7 million in FY 2012, which after factoring in some interest earnings would leave reserve balances at the close of FY 2012 at roughly \$63 million before any potential FY 2012 Year-end Cascade transfers.

Major General Fund Reserve Balances
Balances at Close of Each Fiscal Year
 (Millions of \$'s)

Fiscal Year	Budget Stabilization Fund	Operating Capital Reserve	Total Major Reserves
1985	\$1.3	\$12.0	\$13.3
1986	\$10.0	\$13.0	\$23.0
1987	\$25.0	\$14.0	\$39.0
1988	\$25.0	\$15.0	\$40.0
1989	\$25.0	\$16.0	\$41.0
1990	\$3.6	\$17.0	\$20.6
1991	\$0.1	\$1.0	\$1.1
1992	\$0.8	\$1.5	\$2.3
1993	\$6.7	\$1.0	\$7.7
1994	\$16.8	\$3.5	\$20.3
1995	\$6.4	\$4.5	\$10.9
1996	\$38.2	\$5.5	\$43.7
1997	\$45.7	\$6.5	\$52.2
1998	\$91.7	\$7.5	\$99.2
1999	\$131.7	\$8.5	\$140.2
2000	\$143.5	\$9.5	\$153.0
2001	\$143.7	\$10.5	\$154.2
2002	\$33.9	\$10.5	\$44.4
2003	\$10.6	\$5.3	\$15.9
2004	\$33.2	\$16.5	\$49.7
2005	\$47.1	\$23.1	\$70.2
2006	\$79.9	\$40.6	\$120.5
2007	\$115.5	\$40.6	\$156.1
2008	\$128.9	\$40.6	\$169.5
2009	\$0.2	\$0.0	\$0.2
2010	\$25.4	\$11.2	\$36.6
2011	\$71.5	\$17.1	\$88.6





MainePERS Investment Update

Financial markets continued a favorable trend for the fourth quarter of FY 2011. Maine Public Employees Retirement System (MainePERS) investments had a 1.2% return for the last quarter ending June 30, 2011 and a 22.4% return for FY 2011. The total fund gained \$1,790 million for the one year period ending June 30, 2011 with total assets increasing to \$10.7 billion. During the same period, the US stock market returned 32.4%, international stocks gained 30.3%, and the US bond market increased by 3.9%.

The table below shows the long-term return information as of June 30, 2011. Over the past 30 years, the fund has had an average return of 9.6% per year. It is important to realize that quarterly and annual performance can deviate significantly from this long-term average in any given year.

While this performance is good news, the very strong return of fiscal year 2011 will not affect the rates for the 2012-2013 biennium, which were established based on the returns and value for the total fund as of June 30, 2010.

Long-Term Performance ending June 30, 2011					
(annualized performance)					
	1 Year	3 Years	5 Years	10 Years	30 Years
Total Fund	22.4%	3.4%	4.4%	5.4%	9.6%

MainePERS Unfunded Actuarial Liability

Last month's issue of *Fiscal News* touched briefly on the overall impact that changes made in the 2012-2013 Biennial Budget (Public Law 2011, c.380, LD 1043) related to pension benefits had on the unfunded actuarial liability (UAL) of the Maine Public Employees Retirement System's (MainePERS) State Employees and Teachers Retirement Plan. This issue delves further into the unfunded actuarial liability and the short-term and long-term effect that the initiatives in the budget will have on the UAL.

First, some background. An unfunded actuarial liability is the amount by which the actuarial liability for current and former employees is greater than the assets of the pension. According to MainePERS, the State Employee and Teacher Plan has been underfunded for most, if not all, of the life of the Plan. An amendment made to Maine's Constitution in 1995 requires the unfunded actuarial liability of the State Employee and Teacher Plan to be retired by 2028 and prohibits the creation of new unfunded liabilities, except those resulting from experience losses. The Constitution also requires unfunded liabilities created as a result of experience losses to be retired over a period not to exceed 10 years. UAL payments made by the State are amortized over a specified period of time to bring the plan to full funding by the required date.

Each biennium, MainePERS' actuary recalculates the plan's assets and liabilities based on the actual experience of the plan to date and future expectations of such factors as inflation and market returns. The estimated unfunded liability is then used to create a new amortization schedule. To the extent that actual experience varies from predictions, the amount of the UAL and the payments required to meet the 2028 constitutional requirement can change. The System employs a 3-year smoothing methodology of investment results which moderates the volatility of market returns and, in turn, the impact on employer contributions.

Never has the impact of the smoothing methodology been so strongly felt as over the past two biennia. In preparation for the 2010-2011 biennial budget, MainePERS' actuary recalculated the UAL and created an amortization schedule based on an actuarial valuation as of June 30, 2008. The required payment for the 2010-2011 biennium for the State Employee and Teacher plan was \$435.3 million and the payment that would need to be made for the 2012-2013 biennium was estimated to be \$477.7 million, an increase of approximately 9.7%. Even though the impact of the market downturn had started to negatively affect the assets of the plan, because of the smoothing methodology described above, the strong investment returns of fiscal year 2006 and 2007 helped to cushion the market losses of fiscal year 2008.

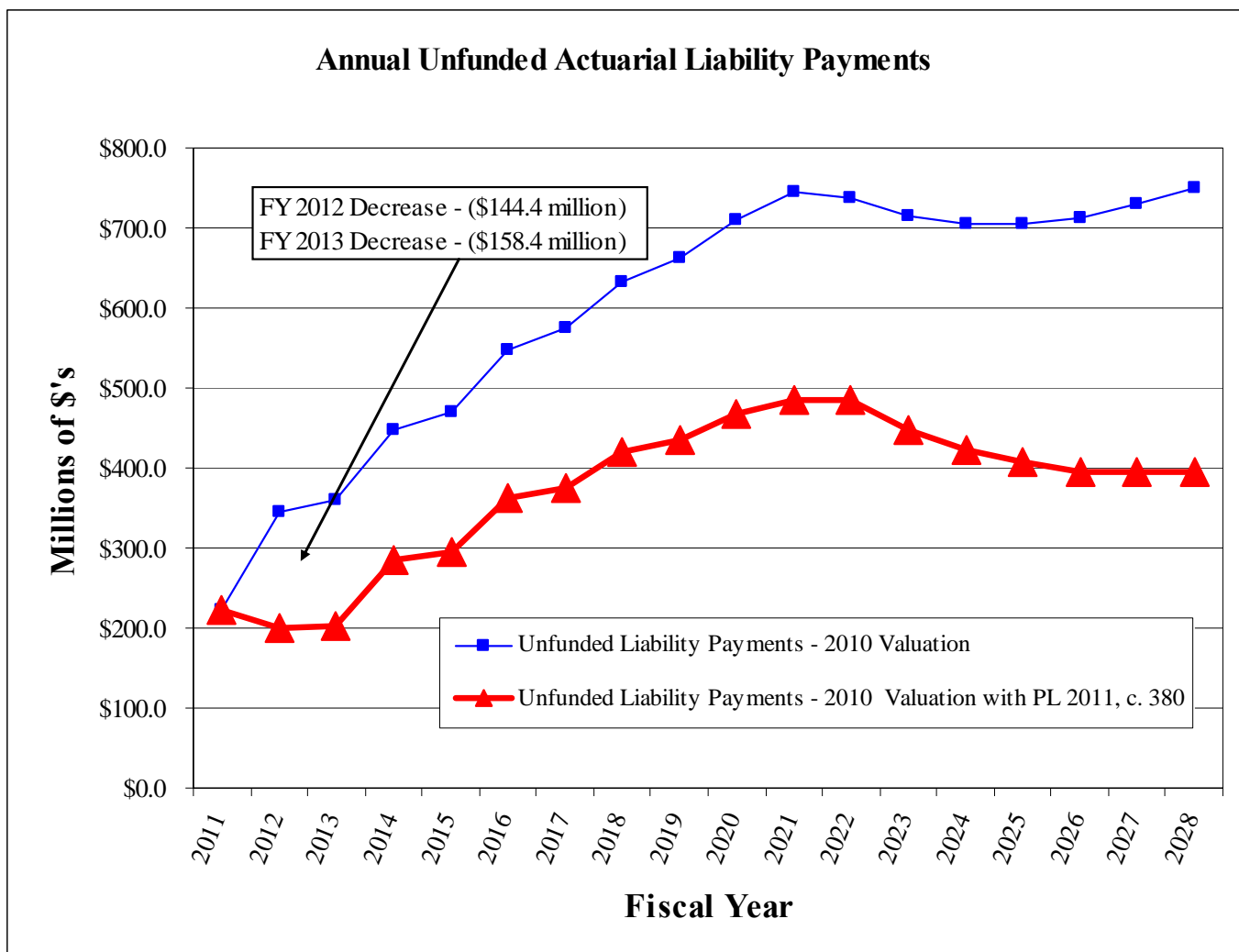
**MainePERS Unfunded Actuarial Liability (continued)**

Two years later, in preparation for the 2012-2013 biennial budget, MainePERS' actuary recalculated the UAL and created an amortization schedule based on an actuarial valuation as of June 30, 2010. This update reflected the full impact of the 2008 market downturn and the constitutional requirement that unfunded liabilities created as a result of experience losses be retired over a period not to exceed 10 years. The required UAL payment for the 2012-2013 biennium, which was estimated to be \$477.7 million two years ago, increased to \$704.9 million, \$227.2 million more than anticipated.

The Governor's proposed budget for the 2012-2013 biennium included several initiatives to reduce the total unfunded actuarial liability and the annual payments made by the State beginning in fiscal year

2011-12. Although modified somewhat from the original proposal, the initiatives included in Public Law 2011, chapter 380 reduce the unfunded actuarial liability from \$4.133 billion to \$2.478 billion, or approximately \$1.66 billion. The reforms also reduce the required payments by \$302.8 million for the 2012-2013 biennium and by \$336.8 million for the 2014-2015 biennium.

The graph below compares the annual required payments that the State would have needed to make in order to fully fund the UAL by the constitutional deadline of 2028 based on the 2010 valuation versus the required payments based on the initiatives approved by the Legislature in Public Law 2011, c. 380.





MaineCare Update

MaineCare Spending

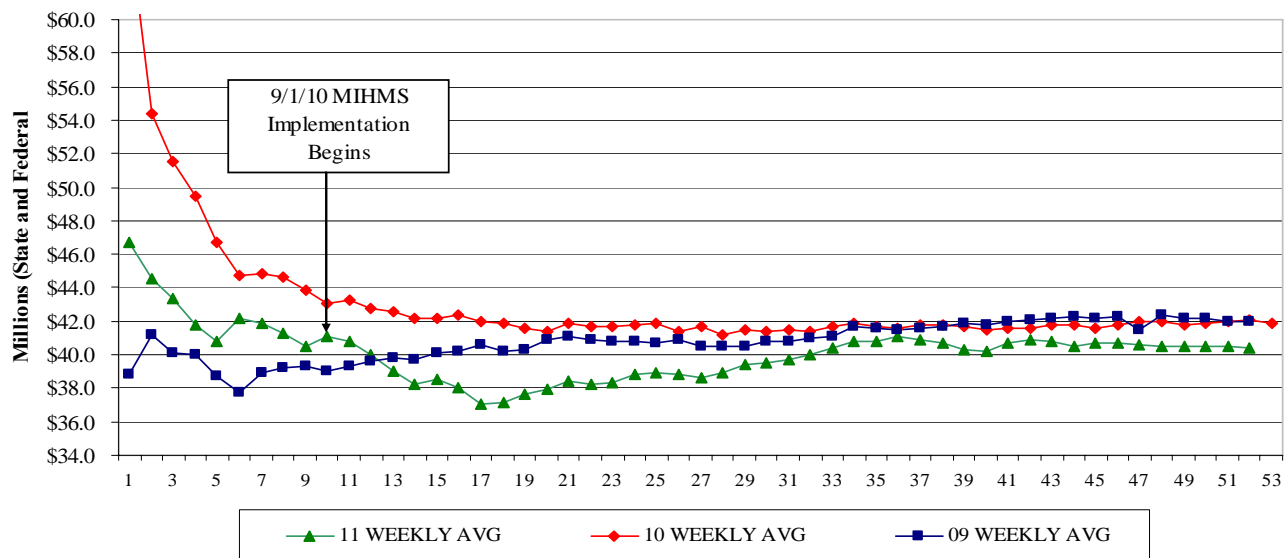
The average weekly MaineCare cycle for FY 2011 was \$40.4 million (state and federal dollars), which was below the comparable MaineCare weekly cycle averages for FY 2010 and FY 2009 of \$42.0 million each year. The chart below summarizes average weekly MaineCare cycle payments for FY 2011 as well as comparable payment cycle averages for FY 2009 and FY 2010. The FY 2011 Week 37 and Week 38 cycles also included \$248.5 million (\$69.5 million General Fund) in MaineCare hospital settlement payments authorized in PL 2011. c. 1, the Emergency FY 2011 Supplemental Budget.

MaineCare hospital settlement payments are not included in the chart below.

The Department of Health and Human Services (DHHS) continues to make “bridge payments” to MaineCare providers experiencing a delay in claims paid through the new Maine Integrated Health Management Solution (MIHMS) claims processing system. As of July 22, 2011, DHHS reported it had made a total of \$147.0 million (state and federal spending) in such payments, with \$139.6 million repaid to date, leaving an outstanding balance of \$7.4 million, down from last month’s (6/24/2011) outstanding balance of \$9.6 million.

MaineCare Weekly Cycle Averages - FY 09, FY 10 and FY 11

FY 11 Through 7/1/11 - Cycle 52



° FY 11 averages do not reflect MaineCare hospital settlements of \$227.7 million paid in the 3/18/11 (37th) and \$20.8 million paid in the 3/25/11 (38th) cycles.

° FY 10 averages do not reflect the \$132.5 million in MaineCare hospital settlements paid in the 10/23/09 (17th) cycle but do reflect the delayed FY 09 hospital and long-term care payments paid in the first weekly cycle of FY 10.

° FY 09 averages do not reflect MaineCare hospital settlements of \$160.4 paid in the 5/8/09 (45th) cycle and \$36.3 million paid in the 6/12/09 (50th) cycle but do reflect the Week 47 cycle delayed and paid with the Week 48 cycle and the delay in hospital and long-term care payments until FY 10.

MaineCare Caseload

MaineCare caseload data for June summarized in the table on page 10 show a decrease of 2,587 persons from May levels. This follows a decrease of 377 persons in May and 534 persons in April. The June decrease reflects the net impact of a decrease in the “traditional Medicaid” population offset by increases in other caseload populations. It is important to note that beginning with its June 2011 MaineCare Caseload report, DHHS switched

the source of MaineCare caseload data from the old “WELFRE” system to the new MIHMS system. DHHS noted two anomalies for June. The first is the 4,005 person decrease in the “traditional Medicaid” population and the second is a 6,061 person increase in the DEL/ME Rx population. DHHS believes these and other smaller differences may result from the manner in which the two systems assigned individuals eligible for multiple benefits to a category. The impact of these changes is still being reviewed by DHHS.

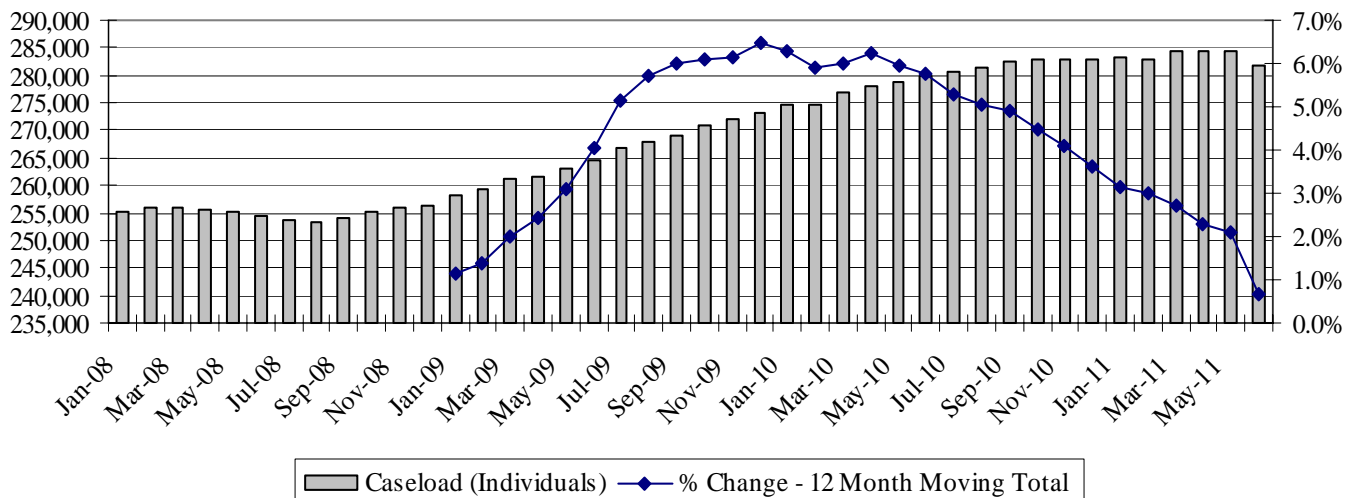


MaineCare Update (continued)

Over the last twelve months, overall MaineCare caseload has increased by 2,350 persons, a 0.80% increase. MaineCare caseload remains at historically high levels. However, in recent months caseload has remained relatively stable after controlling for the monthly fluctuations caused by decisions to open and close the non-categorical

adult waiver. The twelve-month growth rate that peaked at 6.5% annual growth for the twelve-month period ending in December 2009 has now moderated to 0.65% annual growth for the most recent twelve-month period - recognizing the change in data source may be having an impact on the most recent June 2011 data component of this calculation.

MaineCare Caseload (w/out Non-Categorical Adult Waiver)
Through June 2011



The “traditional Medicaid” enrollment category (i.e. adults and children receiving financial benefits such as TANF and IV-E Foster Care; aged and disabled persons; and institutionalized persons) decreased by 4,005 persons in June. This June decrease follows increases of 184 persons in May and 19 persons in April. Over the last twelve months a total of 689 persons have been added in this enrollment category (a 0.29% increase). Again, the change in data source may be having an impact on the most recent June 2011 data.

The non-categorical adult waiver population increased to 15,923 persons in June, an increase of 264 persons. This June increase follows decreases of 538 persons in May and 517 persons in April. Over the last year the non-categorical adult waiver caseload has increased by 526 persons. Month to month fluctuations in caseload for this waiver reflect DHHS decisions in managing new enrollment on a monthly basis to keep spending for the waiver within budgeted amounts and also to reduce the waiver waiting list to meet maintenance of effort spending requirements under the American Recovery and Reinvestment Act of 2009 (ARRA).

*MaineCare Update (continued)***MaineCare Caseload Summary**

Calendar Year	Traditional Medicaid	SCHIP Medicaid Expansion	SCHIP "Cub Care"	Medicaid Expansion Parents ≤ 150% FPL	Non-Categorical Adults ≤ 100% FPL	Medicaid Expansion Parents >150% FPL	Total
2002 Avg.	174,962	8,597	4,209	13,756	1,349	0	202,873
2003 Avg.	195,664	8,142	4,734	14,019	14,738	0	237,298
2004 Avg.	203,608	9,397	4,502	16,414	21,138	0	255,058
2005 Avg.	209,817	10,130	4,159	18,301	19,875	2,016	264,298
2006 Avg.	212,842	10,289	4,518	18,790	14,670	4,998	266,106
2007 Avg.	215,763	9,909	4,524	19,010	20,060	5,490	274,756
2008 Avg.	217,214	9,513	4,524	18,273	14,276	5,582	269,381
2009 Avg.	226,423	9,590	4,801	18,976	10,673	5,857	276,320
2010 Avg.	236,637	10,337	5,255	20,840	14,369	6,612	294,049

Detail for Last 12 Months

Jul-10	237,337	10,329	5,257	21,176	15,048	6,710	295,857
Aug-10	238,279	10,300	5,297	20,938	15,496	6,692	297,002
Sep-10	238,949	10,449	5,332	20,944	15,855	6,692	298,221
Oct-10	239,502	10,483	5,371	20,931	16,778	6,741	299,806
Nov-10	239,390	10,480	5,399	21,033	16,355	6,718	299,375
Dec-10	239,176	10,478	5,491	21,024	15,789	6,746	298,704
Jan-11	239,421	10,411	5,531	20,974	17,446	6,830	300,613
Feb-11	239,742	10,201	5,469	20,748	17,106	6,830	300,096
Mar-11	241,095	10,040	5,507	20,738	16,714	6,955	301,049
Apr-11	241,114	10,054	5,485	20,708	16,197	6,957	300,515
May-11	241,298	9,984	5,543	20,691	15,659	6,963	300,138
Jun-11 ¹	237,293	10,185	5,741	21,180	15,923	7,229	297,551

Changes:

Latest month	-4,005	201	198	489	264	266	-2,587
Last 12 Months	689	-94	541	72	526	616	2,350

¹ Beginning with its June 2011 MaineCare Caseload report, the DHHS switched the source of MaineCare caseload data from the old WELFRE system to the new Maine Integrated Health Management System (MIHMS). The DHHS noted two anomalies for June. The first is a 4,005 person decrease in the Traditional Medicaid population and the second, a 6,061 person increase in the DEL/ME Rx population. The DHHS believes these and other smaller differences may result from the manner in which the two systems assigned individuals eligible for multiple benefits to a category. The impact of these changes are still being reviewed by DHHS.

Eligibility Descriptions:

- **Traditional Medicaid** includes adults and children in receipt of a financial benefit (TANF, IV-E); aged and disabled persons in receipt of a financial benefit (SSI, SSI Supplement), institutionalized persons (NF), and others not included below.
- **SCHIP (State Child Health Insurance Program) Medicaid Expansion Children (MS-CHIP)** (effective July 1998) are children with family incomes above 125/133% and up to and including 150% of the Federal Poverty Level (FPL).
- **SCHIP "Cub Care" Children** (effective July 1998) are children with family incomes above 150% and up to and including 200% of FPL.
- **Medicaid Expansion Parents** are persons who function as the primary caretakers of dependent children and whose income is above 100% and up to and including 150% of FPL (effective September 2000); and beginning May 2005, up to and including 200% of FPL.
- **Non-Categorical Adults** (effective October 2002) are persons who are over 21 and under 65, not disabled, not the primary caretakers of dependent children, and whose income is not more than 100% of FPL.

General Fund Revenue
Fiscal Year Ending June 30, 2011 (FY 2011)
June 2011 and Final Revenue Variance Report

Revenue Category				Fiscal Year-To-Date					FY 2011 Budgeted Totals
	June '11 Budget	June '11 Actual	June '11 Variance	Budget	Actual	Variance	Variance %	% Change from Prior Year	
Sales and Use Tax	162,523,383	163,623,628	1,100,245	916,746,307	923,686,973	6,940,666	0.8%	2.9%	916,746,307
Service Provider Tax	9,706,415	10,125,348	418,933	55,214,486	52,672,306	(2,542,180)	-4.6%	-6.1%	55,214,486
Individual Income Tax	168,044,024	180,510,617	12,466,593	1,392,702,302	1,415,283,534	22,581,232	1.6%	9.0%	1,387,946,604
Corporate Income Tax	25,517,653	38,597,587	13,079,934	193,182,264	208,996,598	15,814,334	8.2%	19.2%	197,937,962
Cigarette and Tobacco Tax	14,589,762	15,161,096	571,334	146,209,555	145,229,303	(980,252)	-0.7%	-2.6%	146,209,555
Insurance Companies Tax	25,064,580	23,979,883	(1,084,697)	76,765,000	76,930,329	165,329	0.2%	-3.9%	76,765,000
Estate Tax	6,470,689	9,924,436	3,453,747	45,052,787	49,323,494	4,270,707	9.5%	58.0%	45,052,787
Other Taxes and Fees *	13,080,899	16,288,527	3,207,628	149,672,089	151,676,495	2,004,406	1.3%	1.4%	149,672,089
Fines, Forfeits and Penalties	2,460,331	2,730,316	269,985	28,799,339	28,513,040	(286,299)	-1.0%	-13.0%	28,799,339
Income from Investments	43,599	69,719	26,120	245,127	277,770	32,643	13.3%	4.8%	245,127
Transfer from Lottery Commission	3,771,860	3,569,933	(201,928)	49,034,250	49,547,800	513,550	1.0%	-5.1%	49,034,250
Transfers to Tax Relief Programs *	(1,566,689)	(1,549,078)	17,611	(113,986,593)	(113,934,585)	52,008	0.0%	-0.3%	(113,986,593)
Transfers for Municipal Revenue Sharing	(7,684,780)	(8,516,069)	(831,289)	(91,930,345)	(93,156,725)	(1,226,380)	-1.3%	4.4%	(91,930,345)
Other Revenue *	6,946,079	7,888,336	942,257	48,357,956	49,910,424	1,552,468	3.2%	12.9%	48,357,956
Totals	428,967,805	462,404,280	33,436,475	2,896,064,524	2,944,956,756	48,892,232	1.7%	6.9%	2,896,064,524

* Additional detail by subcategory for these categories is presented on the following page.

General Fund Revenue
Fiscal Year Ending June 30, 2011 (FY 2011)
June 2011 and Final Revenue Variance Report

Revenue Category	June '11 Budget	June '11 Actual	June '11 Variance	Fiscal Year-To-Date					FY 2011 Budgeted Totals
				Budget	Actual	Variance	Variance %	% Change from Prior Year	
Detail of Other Taxes and Fees:									
- Property Tax - Unorganized Territory	1,713,347	1,485,409	(227,938)	13,794,109	13,381,506	(412,603)	-3.0%	1.2%	13,794,109
- Real Estate Transfer Tax	1,678,502	1,839,218	160,716	13,721,052	13,815,942	94,890	0.7%	13.4%	13,721,052
- Liquor Taxes and Fees	2,103,168	2,046,959	(56,209)	20,864,662	21,017,177	152,515	0.7%	3.2%	20,864,662
- Corporation Fees and Licenses	1,156,248	2,515,098	1,358,850	7,697,099	8,479,743	782,644	10.2%	3.8%	7,697,099
- Telecommunication Personal Prop. Tax	0	(81,224)	(81,224)	16,775,988	17,668,244	892,256	5.3%	0.8%	16,775,988
- Finance Industry Fees	1,471,779	2,141,850	670,071	23,679,930	24,688,570	1,008,640	4.3%	3.6%	23,679,930
- Milk Handling Fee	(14,411)	121,429	135,840	3,645,392	3,845,823	200,431	5.5%	-61.9%	3,645,392
- Racino Revenue	1,766,581	1,804,677	38,096	10,804,600	10,597,066	(207,534)	-1.9%	1.7%	10,804,600
- Boat, ATV and Snowmobile Fees	430,348	953,178	522,830	4,500,295	4,437,431	(62,864)	-1.4%	-6.2%	4,500,295
- Hunting and Fishing License Fees	2,341,615	2,351,173	9,558	17,320,998	15,863,627	(1,457,371)	-8.4%	-2.5%	17,320,998
- Other Miscellaneous Taxes and Fees	433,722	1,110,762	677,040	16,867,964	17,881,366	1,013,402	6.0%	40.0%	16,867,964
Subtotal - Other Taxes and Fees	13,080,899	16,288,527	3,207,628	149,672,089	151,676,495	2,004,406	1.3%	1.4%	149,672,089
Detail of Other Revenue:									
- Liquor Sales and Operations	2,288	4,800	2,512	7,305,811	7,311,603	5,792	0.1%	7.8%	7,305,811
- Targeted Case Management (DHHS)	246,016	845,249	599,233	15,029,612	16,574,218	1,544,606	10.3%	-15.0%	15,029,612
- State Cost Allocation Program	1,516,459	1,268,585	(247,874)	14,899,059	14,408,283	(490,776)	-3.3%	-10.0%	14,899,059
- Unclaimed Property Transfer	2,333,420	2,333,420	0	2,333,420	2,333,420	0	0.0%	-60.2%	2,333,420
- Toursim Transfer	0	0	0	(9,048,877)	(9,048,877)	0	0.0%	-0.3%	(9,048,877)
- Transfer to Maine Milk Pool	0	0	0	(4,245,141)	(4,249,777)	(4,636)	-0.1%	68.2%	(4,245,141)
- Transfer to STAR Transportation Fund	0	0	0	(3,100,352)	(3,100,352)	0	0.0%	1.1%	(3,100,352)
- Other Miscellaneous Revenue	2,847,896	3,436,282	588,386	25,184,424	25,681,907	497,483	2.0%	19.0%	25,184,424
Subtotal - Other Revenue	6,946,079	7,888,336	942,257	48,357,956	49,910,424	1,552,468	3.2%	12.9%	48,357,956
Detail of Transfers to Tax Relief Programs:									
- Me. Resident Prop. Tax Program (Circuitbreaker)	(1,386,029)	(1,011,978)	374,051	(42,098,648)	(41,449,010)	649,638	1.5%	-1.5%	(42,098,648)
- BETR - Business Equipment Tax Reimb.	(180,660)	0	180,660	(55,543,140)	(55,220,851)	322,289	0.6%	5.1%	(55,543,140)
- BETE - Municipal Bus. Equip. Tax Reimb.	0	(537,100)	(537,100)	(16,344,805)	(17,264,724)	(919,919)	-5.6%	-18.6%	(16,344,805)
Subtotal - Tax Relief Transfers	(1,566,689)	(1,549,078)	17,611	(113,986,593)	(113,934,585)	52,008	0.0%	-0.3%	(113,986,593)
Inland Fisheries and Wildlife Revenue - Total	2,853,834	3,408,205	554,371	22,803,767	21,425,573	(1,378,194)	-6.0%	-2.8%	22,803,767

Highway Fund Revenue
Fiscal Year Ending June 30, 2011 (FY 2011)
June 2011 and Final Revenue Variance Report

Revenue Category	June '11 Budget	June '11 Actual	June '11 Variance	Fiscal Year-To-Date					FY 2011 Budgeted Totals
				Budget	Actual	Variance	% Variance	% Change from Prior Year	
Fuel Taxes:									
- Gasoline Tax	31,588,367	34,923,702	3,335,335	194,220,000	194,958,019	738,018	0.4%	-0.8%	194,220,000
- Special Fuel and Road Use Taxes	7,427,599	7,935,764	508,165	43,760,000	44,588,438	828,438	1.9%	-1.4%	43,760,000
- Transcap Transfers - Fuel Taxes	(1,371,071)	(1,586,812)	(215,741)	(17,476,736)	(17,554,820)	(78,084)	-0.4%	0.4%	(17,476,736)
- Other Fund Gasoline Tax Distributions	(389,818)	(451,969)	(62,151)	(4,956,860)	(4,957,745)	(885)	0.0%	0.1%	(4,956,860)
Subtotal - Fuel Taxes	37,255,077	40,820,685	3,565,608	215,546,404	217,033,892	1,487,488	0.7%	-1.0%	215,546,404
Motor Vehicle Registration and Fees:									
- Motor Vehicle Registration Fees	7,707,528	7,582,098	(125,430)	64,775,312	65,067,731	292,419	0.4%	0.7%	64,775,312
- License Plate Fees	473,706	476,350	2,644	3,348,300	3,424,536	76,236	2.2%	-0.4%	3,348,300
- Long-term Trailer Registration Fees	91,124	452,047	360,923	8,884,523	9,792,983	908,460	9.3%	24.2%	8,884,523
- Title Fees	668,126	1,141,767	473,641	10,871,056	11,261,301	390,245	3.5%	3.8%	10,871,056
- Motor Vehicle Operator License Fees	569,101	625,919	56,818	5,937,732	6,112,149	174,417	2.9%	5.0%	5,937,732
- Transcap Transfers - Motor Vehicle Fees	(4,037,754)	(4,270,450)	(232,696)	(14,830,531)	(14,817,460)	13,071	0.1%	0.0%	(14,830,531)
Subtotal - Motor Vehicle Reg. & Fees	5,471,831	6,007,730	535,899	78,986,392	80,841,240	1,854,848	2.3%	4.0%	78,986,392
Motor Vehicle Inspection Fees	315,800	445,201	129,401	3,032,500	2,977,702	(54,799)	-1.8%	5.9%	3,032,500
Other Highway Fund Taxes and Fees	137,322	171,730	34,408	1,325,823	1,358,167	32,344	2.4%	1.5%	1,325,823
Fines, Forfeits and Penalties	143,370	83,266	(60,104)	1,205,049	1,145,044	(60,005)	-5.2%	-20.5%	1,205,049
Interest Earnings	7,840	19,092	11,252	120,434	124,518	4,084	3.3%	-23.4%	120,434
Other Highway Fund Revenue	866,535	470,284	(396,251)	8,072,531	7,870,593	(201,938)	-2.6%	-7.2%	8,072,531
Totals	44,197,775	48,017,988	3,820,213	308,289,133	311,351,155	3,062,022	1.0%	0.1%	308,289,133